REFIRE
Real Estate Finance Intelligence Report Europe

Volume 7, Issue 126, November 12th 2014

Inside REFIRE

REFIRE is a specialised report focused on providing market intelligence and background analysis to finance professionals in German and continental European real estate investment.

Whatever your particular area of specialisation, we think you'll find timely, incisive information within our pages, helping to inform you of the key deals, the numbers, the markets, the players and the people.

The areas we focus on are:

US Funds in Europe
European REITs
German Real Estate Finance
German Non-Performing Loans (NPLs)
Retail Property Funds
Mortgage Securitisation
CMBS/RMBS
Privatisations
Refinancing
Euro-zone Property Financing

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CONTENTS in this Issue:

German listed RE companies see doubling of 'investible market cap' over 12 months

It's now become a tradition at this time of the year to sit down with the German Property Association ZIA and with Peter Barkow of Barkow Consulting to review the performance of the German listed real estate sector. The briefing takes place as part of the Immobilien-Aktie gathering in Frankfurt, in which leading German listed real estate companies get to explain their corporate story. This year's briefing was enlightening, as always.

The key take-home message was that the 'investable market capitalisation', or free float of the 16 largest German listed property companies rose by 115% to €21.8bn in the year to August, according to **ZIA**. The sector has grown overall and will con¬tinue to do so, although forward prospects are for a somewhat slower pace. The growth story will be music to the ears of **Philip Charles**, CEO of **EPRA** in Brussels, for whom the slow growth of the sector in Germany has long been a bugbear, growing up as it has in the shadow of the overweening open-ended and closed-end funds segment.

"One of the most striking finds of our new study was that free float more than doubled on last June," said **Peter Barkow**, the co-author of the study, which covered 80% of the German listed property index **DIMAX**. Market cap over¬all has risen to over €30bn from €22.2bn in June 2013 while assets under management rose 13% to €7.9bn.

The listed sector is still dominated by residential companies, responsible for 78% of assets under management, said Barkow. "Last year, total German market cap was 60% of Dutch-French REIT Unibail-Rodamco. Now the German listed sec¬tor is bigger than the company." It is now the third largest in Europe after UK and the Netherlands.

Rüdiger Mrotzek, managing director of Duisburg-based **Hamborner REIT,** commented, "Property shares have been the real outperformers in terms of market growth. That the DIMAX could show such growth over a 14-month period could

Little interest in alternative investments by German institutionals

While there have been many far-reaching changes in the German real estate industry over the past ten years, in many respects behavioural patterns have not changed significantly when it comes to institutional investors' choice see page 3

Record year looming for German logistics real estate

The year 2014 is certainly turning out to be the year of logistics real estate investment in Germany – we at REFIRE had countless discussions at the recent **Expo REAL** in Munich with companies – domestic and foreign – either in the throes of or planning their next acquisitions in the hot logistics sector. see page 5

Newly MDAX-listed Annington raises fresh €450m

Listed German housing group Deutsche Annington said it successfully raised €451m in a private equity placement aimed at the acquisition of 5,000 apartments from CitCor Residential Group, a joint venture of Citigroup Property Investors and manager Corpus Sireo**,** page 10

NRW joins stampede to raise Property Transfer Tax

Hot on the heels of the state of Hesse, which precipitated a rush on the available notaries in the state when it raised its acquisition transfer tax prematurely in August, North Rhine Westphalia has now also announced its own tax increase. see page 14

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Real Estate Finance
Intelligence Report Europe

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Publisher:
REFIRE Ltd.,
49 Sandymount Avenue,
Ballsbridge
Dublin 4, Ireland

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scarcely have been foreseen. Even in the boom years of 2006-2007 we didn't see such a positive development."

Mrotzek said growth should continue, and pointed to east German property firm TLG's IPO. "This would mean a sizable addition to the commercial segment, which is where main growth of the listed sector now has to come from," he said. Further growth hinges on devel¬opments in the commercial sector and new IPOs. "It will continue, as interest from foreign investors is very high and should be a catalyst for more listings. There are enough portfolios that would sustain this."

"It is indeed difficult to understand why foreign investors, so concerned with security, are so heavily invested in the asset class while German institutionals are so reticent. Let's hope our study gets them thinking."

Barkow (*pictured, right*) pointed out that new investors into listed real estate have lower yield targets and a long-term outlook – although the preponderance of foreign investors in the sector at the expense of Germans remains an issue. Only 10% of the top 15 investors in the sector (with together 31% of the total free float) are German, as against 23% for the DAX as a whole. By contrast, US investors hold 39%, while Norwegian and UK investors alone hold 18% of the sector's free float.

Nonetheless, the majority of foreign investors are, by their own admission, safety-oriented. Barkow commented, "It is indeed difficult to understand why foreign investors, so concerned with security, are so heavily invested in the asset class while German institutionals are so reticent. We can only hope that our study helps to get decision-makers really thinking about this."

As always, Peter Barkow had a number of interesting statistics relating to the German real estate equity capital markets, particularly after the recent flurry of deals in October. He points out that the ECM market in Germany has already surpassed 2013 – itself a record year – by 15%, with more than €4.1bn of capital placed year-to-date. Other notable milestones include:

- TLG Immobilien executed the first property IPO of the year on a German exchange, despite choppy markets and hot on the heels of two fairly controversial internet stock market debuts (**Zalando** and **Rocket Internet**). It was also the first commercial property IPO since **Prime Office** in mid-2011, and the second largest commercial property IPO in German history, totaling €397m (outcome still depending on greenshoe execution) second-only to **Deutsche Euroshop**'s IPO in 2000.
- **LEG Immobilien** made use of favorable market conditions, strengthening its balance sheet via a EUR205m accelerated book build.
- **Deutsche Annington** followed with a capital increase worth €451m being the largest ever accelerated bookbuild in the German sector. It was also the 2nd largest German RE capital increase ever, second-only to **Deutsche Wohnen**'s €461m transaction in 2013.

Germany/Research

Little interest in alternative investments by German institutionals

While there have been many far-reaching changes in the German real estate industry over the past ten years, in many respects behavioural patterns

have not changed significantly when it comes to institutional investors' choice of investment strategy, to judge by the latest survey from Berlin-based **RUECKERCONSULT GmbH**.

The survey took soundings from about 100 institutional about their real estate strategies in advance of the annual Immobilien FondsForum in Königstein in the hills outside Frankfurt last week. Among the clear messages was that **German institutions clearly prefer indirect investing in commercial real estate, rather than taking a direct approach**. Other notable findings were the **low level of interest in alternative investments** such as real estate bonds, convertible bonds or debt funds, the **continuing focus on the country's major cities**, particularly for office assets, and a **growing interest in participating in development project**s.

Thomas Rücker (*pictured, right*), managing director at Rueckerconsult, commented: "Real estate special funds are the number one investment vehicle, **but German investors prefer to stick together**. With the need for security remaining high, expected returns are low."

Of those surveyed, 28% of respondents said they are planning to increase their share on indirect holdings, while only 19% are looking to increase their share of direct investments. 26% of respondents are planning to invest exclusively in indirect investments, with the vehicle of choice being real estate special funds, or *Spezialfonds*.

Solidarity with other German co-investors: Most special fund investors want a minimum of two to ten co-investors, while the majority think between one and three is an ideal number. "They also have specific ideas about what type of co-investors they want", explained Rücker. That's why German investors like to stick together. 45 % of those surveyed could imagine investing with German pension funds, retirement funds and additional pension funds and 20 % with German insurance companies. "They were especially averse to non-German investors, particularly international private equity funds and international government funds", added Rücker.

Institutions "do not tend to stray from the beaten track", despite the pressure to invest, according to the research. The survey found little interest in alternative investments, such as real estate bonds, convertible bonds or debt funds.

Only 14% said they would include bonds of real estate companies in their portfolio, while only 8% would be willing to buy convertible bonds of real estate companies.

Another clear result was respondents' **continued focus on major German cities** – particularly for investment in the office sectors.

Most investors – around 74% of those surveyed – continue to focus on

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Glowing German figures mask looming shift in capital flows

REFIRE had a meeting this week with the head of a sizeable German Family Office, whose fortune has been earned providing aspirational German consumers with the last word in reliable kitchen appliances over six upwardly mobile decades. The Family Office has been a prominent investor in direct and indirect real estate vehicles in Germany throughout that time, as well as occasionally taking advantage of the currency hedges and long-term dynamism of the London and US property markets.

Right now their focus has shifted entirely to the US, he confided. Why should they torture themselves to get a possible 4% in Germany, or less, when opportunities abound across the pond? A good question, indeed, and a worrying one, if his rationale proves to be typical of hundreds (or even thousands) of investors like him across Europe.

It's not just that the latest prognosis from Germany's five economic 'wise men' for economic growth in Germany for 2015 has just this week been downgraded to 1%, below the government's own figure of 1.3% (which itself had been hurriedly amended down from 1.7%). It's that several other studies reaching us suggest that the commercial real estate markets in Germany may have already succumbed to a trend change, after four years of steady recovery.

Dr Günter Vornholz, Professor of Real Estate Economics at the EBZ Business School in Bochum (and in his day job, the head of research at significant German lender Deutsche Hypo in Hanover) believes that commercial property values have been stagnating since the start of the year in the key commercial centres of Frankfurt, Munich and Berlin, rising slightly in Hamburg, and have already lost 5.7% of their value in Düsseldorf.

This would come as a rude shock to many investors who trust the figures from such rating agencies as Scope in Berlin (*which we have reported on frequently in these pages*) that German-only funds have performed markedly better in 2011-2013 than European-based funds, by a margin of 8.2%to 5.8%, according to Scope's figures. But with the winds of change blowing from a different direction, investors are asking themselves how they should position themselves now.

We've been here before, of course. However, we're now witnessing a six-year slide from nearly US$1.60 to our current $1.25 to the euro, with ever-decreasing peaks, stable troughs, and a trend of returning to oscillate around the $1.35 mark. Currency speculators, though, are now clearly bearish on the euro, with doom-mongers from some of the biggest banks betting on the currencies even reaching parity again in the near future.

The effects of this weakening euro are, of course, a mixed blessing. It should boost eurozone exports – and indeed Germany's exports did hit a new high last month, amid mounting gloom about Wolfgang Schäuble's commitment to a 'black zero' or a balanced domestic budget by 2020. The positive currency effect was much more pronounced for Eurozone members – like Ireland – the bulk of whose trade is with non-eurozone members, such as the UK and the US. Irish exports of goods and services have boomed, while the rest of Europe (most particularly Finland) is bearing the brunt of a stagnant European economy and the loss of markets caused by Russian sanctions.

In Europe-US relations though, the last few months have seen the US market gaining in momentum – inflation is up, quantitative easing has been trimmed back, unemployment is down to 6.5%, and the Fed is getting ready to raise interest rates. In stagnating Europe we have practically negative interest rates, the ECB is preparing to pump billions into banks to counter looming deflation, and the euro has lost 9% against the dollar since the summer.

Worse, still – foreign investment into German commercial real estate, at more than €5bn in the first quarter, shrivelled to €3.5bn in the third quarter – with the Americans cutting back to a mere €600m in the period after kicking off in the January to March quarter with €2.1bn.

It can only be hoped that they don't go the whole hog and start throwing ballast overboard, fearful of an even further fall in the value of the euro. Certainly old hands like Cologne-based Jamestown, an initiator of US-only closed-end funds with a superb track record under the wily eye of veteran Christoph Kahl, are licking their chops at the prospect of getting another marvellous run in America's most dynamic commercial cities. Jamestown and others are already scooping up funds from German instituitons and private individuals for US investment, effectively starting with a new broom and new business models, having timed their last run almost to perfection.

Should the pendulum swing sharply in favour of the US, a weakening euro will make German real estate more attractive to long-term oriented Asian investors, who can enter the market at higher initial yields than are currently available. Korean, Singaporean, Taiwanese and Chinese funds are already scoping out the German market, and each month brings news of new, sizeable transactions. The Asian outbound investment story will have a long way to run, US attractions notwithstanding, and in Germany we're only at the beginning.

Charles Kingston, Editor

office and retail property. Around two-thirds of respondents target an average rental return of 4-5%, while only 7% are targeting returns above 6%.

Also noteworthy was an increased interest in investment in project developments, possibly due to the wider availability of finance. According to Rücker, "The higher funding for development projects also indicates a slightly greater willingness to take risks. 57 % would consider investing in office, retail or residential development projects". Some 60 % of insurance companies indicated a willingness to invest in development projects, while among German pension funds the figure is almost 80 %.

Germany/Logistics

Record year looming for German logistics real estate

The year 2014 is certainly turning out to be the year of logistics real estate investment in Germany – we at REFIRE had countless discussions at the recent **Expo REAL** in Munich with companies – domestic and foreign – either in the throes of or planning their next acquisitions in the hot logistics sector. **Colliers** and other brokers also confirmed to us that the Germany logistics sector is heading for a record year.

Several companies are planning market entry or an expansion of existing operations in the German market. The Dallas-based investor and develop **Hillwood** announced its entry into Europe's logistics real estate market in a joint venture with major sovereign wealth funds. It said it will make direct and indirect investments of up to €1bn over the next three to four years "across major markets in central and western Europe through acquisitions, development projects and joint ventures with other developers."

In a statement on the move, Hillwood chairman **Ross Perot Jr**. commented, "Hillwood is very excited to enter the logistics real estate market in Europe. Unlike most investors recently interested in Europe, this is a long-term commitment

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based on building our business through acquisitions and development. We are comfortable doing this one building at a time."

Its new business division called **Hillwood Europe** has already purchased existing buildings and development sites in Poland. The company's office in Germany will be in Frankfurt and will be led by **Peter Schuijlenburg**, formerly a **Prologis** manager and subsequently a partner at **Palmira Capital Partners**.

Hillwood is part of the Perot group of companies associated with Ross Perot, computer billionaire and erstwhile US presidential candidate. It is the second-largest owner of land for future logistics real estate development in the US, and is perhaps best know for its **Alliance** brand, such as AllianceTexas, AllianceFlorida and AllianceCalifornia.

Also active is **TIAA Henderson Real Estate** and **Palmira Capital**, who have put the new **"Investoren-Club-Fonds German Logistics"** fund on the market on behalf of a group of institutional investors. According to a press statement, the focus of investment will be "core and premium logistic assets" in Germany. These are to be located in "regions with gateway functions, sustainable future prospects, etc." The target price for each asset starts from €7m, with **Palmira Industrial Management** acting as property manager.

Also announcing their investment plans at the Expo REAL was Cologne-based **Alpha Industrial**, which has secured 250,000 sqm of land across Germany for the conversion and development of new logistics buildings. The company got the mandate through its role as development partner to an unnamed foreign investor.

The portfolio comprises around 740,000 sqm of land and around 277,000 sqm of built-up areas in industrial parks including logistics sections as well as a motorway service area.

In the eight sites in Germany, up to 250,000 sqm of land is available for development and construction work. **Ulrich Wörner**, technical director of Alpha Industrial, said: "In the current market environment it is increasingly important to identify land that can be developed for logistics." The company said that the deal will enable it to offer potential users the opportunity to drive growth in modern and well-situated buildings in an environment characterised by a shortage of space.

'Now, Alpha Industrial's task is to realise the considerable potential of some of the land, which is either a brownfield state or will be ready for development following deconstruction measures,' Wörner added.

Also an active buyer is **HIH Hamburgische Immobilien Handlung**, which announced that acting on behalf of **Warburg Henderson**, it has acquired eight commercial properties with a total rental area of about 160,000 sqm. This is HIH's largest-ever property transaction, with developer **DIBAG** being the seller of the portfolio for more than €300mn. The majority of the transaction involved office buildings, but retail and logistics space was also included.

All eight properties will be held in the newly issued **Warburg-Henderson Germany High Income Fund**, a Special-AIF. The fund initiator said the core-plus-product is already fully placed on the equity side. Among other properties, the portfolio contains the majority of the **Hanomag** area in Hanover with more than 24,500 sqm of office space that was revitalized by DIBAG. The other properties are located in Munich, Frankfurt, Stuttgart, and other major cities in western and southern Germany.

British developer and asset manager **SEGRO** unveiled an ambitious plan to roll out major new investments in industrial parks and develop the segment to be on a par with its logistics property division. New business unit director **Andreas Fleischer** said the plan is to have a presence in all of Germany's 20 most important logistics hubs, and at the same tiem develop inudtrial parks on the outskirts of the Big-7 cities, with developments (and acquisitions) of 200,000 sqm planned annually. SEGRO views the 2 segments as being complementary, with peak rents capable of being re-defined through hybrid developments. SEGRO has assets under management of €5.6bn including its share in joint ventures, and properties with a gross lettable area of 5.8m sqm, generating annual rent of €331m.

Germany/Listed Companies

Grand City Properties €500m bond paying 2% to replace old issue

Grand City Properties, the fast-growing Luxembourg-based investor in German residential housing, successfully placed a €500m 7-year secured bond with a coupon of 2.0% this week, targeting the proceeds at the buyback of an earlier €350m bond paying 6.25%.

The bond was placed with international institutions, and was oversubscribed. **Morgan Stanley** was Sole Global Co-ordinator, as well as being Joint Bookrunner with **JP Morgan** and **Deutsche Bank.**

Grand City has been somewhat of a stock market darling this year, doubling in value for its investors. It focuses on investing in and managing turnaround opportunities in German residential in densely populated markets, improving and upgrading the properties and then creating value by subsequently raising occupancy and rental levels.

The company's strategy is to improve its properties through targeted modernisation and intensive tenant management, and then create value by subsequently raising occupancy and rental levels.

For the six months ending 30 June 2014, the company reported an EBITDA of €143.5 million (year-on-year increase of 107%), and a net profit of €122.1 mil-

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lion (year-on-year increase of 111%). EPRA NAV amounts to €1,005 million and €1,276 million assuming full conversion of the convertible bond.

The company listed on the **Frankfurt Stock Exchange** Entry Standard in May 2012, and the stock has been rising steadily since, with each announcement of new housing portfolios acquired. The company currently has a housing stock of over 40,000 units.

REFIRE: *Grand City is obviously in a strong position with its bankers and its investors, that they were able to so successfully place a €500m, 7-year secured bond so readily with eager investors, happy to accept a coupon of 2%. These are institutional players, well capable of assessing the strength of the underlying assets and business model which underpin their future returns. However, other real estate companies who have relied disproportionately on the issuing of corporate bonds for their re-financing have not always fared so well in Germany in recent times.*

One company that didn't make it and which has just filed for insolvency is the Munich-based Golden Gate GmbH, a developer of healthcare and residential real estate. Golden Gate relied heavily on the issuing of Mittelstandsanleihen, a form of bond specially designed for medium-sized firms. Likewise WGF AG in Düsseldorf, a serial issuer of 5-year bonds offering an annual 6.35% to investors, which defaulted on its bonds two years ago; its erstwhile investors are now at the mercy of time and a form of self-administered company wind-down in the hope of seeing anything at all on their optimistic investments by 2020.

Curth-C Flatow, of Flatow Advisory Services in Berlin (see report on the FAP-Barometer in this issue), which focuses on capital and financing issues for real estate investors and developers, says the Golden Gate insolvency throws up questions about the seriousness of the real estate bond sector.

"Despite numerous warnings, the market is simply blinded by the promise of high returns, which continues to baffle us. You could hear it everywhere – the bond-issuing companies wouldn't have got bank financing for their projects, or if they had, then only on very poor terms. In a liquid market, shouldn't this be like raising a red warning flag? In the current climate capital is chasing deals, it's no longer the other way around. You would certainly have to question the suitability of such real estate bonds for fitness of purpose."

Real estate bonds certainly have their place in the financing market mix, since they permit companies to avail of differing forms of financing and encourage a degree of independency from the banks. Nor, when things go wrong, are the exchanges on which the bonds are traded at fault, since their job is ensure transparency and the fulfillment of publication obligations, and not to evaluate commercial figures or the underlying business models. Nonetheless, investors do need to be on their guard, particularly as the ratings of such bonds tend to be unreliable and very susceptible to sudden sharp downward corrections.

Flatow again: "Bonds are readily demonised in the marketplace. But such generalisations, just like the frequent condemnation of loan securitisation, are dangerous and wrong. There are many companies who have been successfully issuing bonds – particularly convertible bonds – for years, and continue to operate strong and healthy business models. You have to be able to differentiate, what we're seeing right now is the separating of the wheat from the chaff."

Germany/Listed Companies

LEG Immobilien buys North Rhine-Westphalian ex-Vitus portfolio from Annington

Listed Düsseldorf-based **LEG Immobilien AG** took advantage of a timely deal

with a compatible residential portfolio from fellow-listed **Deutsche Annington**, as it bought a further 9,600 residential units in its heartland of North Rhine-Westphalia. This brings to over 19,000 the amount of new units acquired by LEG since the beginning of last year, well exceeding its own growth target of 10,000 units by the end of 2014.

LEG Immobilien paid €484m for the portfolio, which consists of the North Rhine-Westphalian assets of the 30,000-unit **Vitus** portfolio which Annington had bought in October of last year. The deal includes LEG taking over part of the refinancing costs incurred by Annington when it bought the Vitus assets, as well as absorbing 55 ex-Vitus staff. Financing for the deal will come from a mixture of cash and proceeds from the convertible bond issue and new capital raising exercise of April this year.

For the **MDAX**-listed LEG the deal offers attractive assets in its home territory, with the benefits of scale and bundled asset management. The properties are located across the state, with many concentrated in Mönchengladbach, Wuppertal and Leverkusen, while 88% of the assets are close to the six biggest cities in the region. The annualised net 'cold' rent revenue (without utilities charges) is €35m, with the rent per sqm at €4.76 per month and a vacancy rate of 3.9%. These latter suggest there is decent upside potential to the already stabilised portfolio.

According to **Thomas Hegel** (pictured, above), LEG's very approachable CEO, "We were able to clearly demonstrate with this portfolio acquisition that we are committed to our value-generating acquisition strategy and to boosting the efficiency of our operations. We plan to expand our operating platform and

...see page 10

LMA Munich Real Estate Finance Conference
27 November 2014

Join senior lenders, advisors and lawyers as they discuss the outlook for Germany's REF market in 2015

This will be the Loan Market Association's (LMA) first Real Estate Finance Conference in Munich and with three weeks to go, over 130 industry professionals have already registered.

The programme comprises an impressive line up of industry speakers who will be discussing the current trends, opportunities and challenges faced in the highly competitive German REF market.

This is a free event for organisations who are members of the LMA. The majority of the sessions will be presented in German.

Session topics are:

- **Real Estate Market: financial landscape for 2015**
- **On the rise? Increase in non-bank investment in the real estate market**
- **Away from prime: shift to second-tier cities**
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...from page 8

avail of suitable opportunities to do deals where we can add value."

On the issue of the rental cap, or Mietpreisbremse, as it affects LEG's more than 100,000 residential units, Hegel commented in a separate media interview: "LEG would only be marginally affected by the Mietpreisbremse. About 35% of our total residential holdings are in receipt of public subsidies, so they would be unaffected. Secondly, our level of rents is not at the upper level of the spectrum. By our own calculations we would suffer at most ten basis points on our rental growth projections. But on principle we view the rental cap critically – it won't create any new apartments, but instead will create uncertainty surrounding rents and undermine the basis of trust between tenants and landlords."

Hegel used the occasion of the deal to raise full-year projections for FFO I funds from operations for 2015 to €188-193m, or an FFO per share of €3.29-3-39 per share, up from an earlier forecast of €172-177m. He also announced the public issue of 4.1m new shares, raising €205m "to continue the acquisition strategy", as well as a private placement of 2.36m shares from its Perry Luxco RE Sarl holding in an accelerated bookbuilding process, being lead-managed by Deutsche Bank and Goldman Sachs.

Germany/Listed Companies

Newly MDAX-listed Annington raises fresh €450m

Listed German housing group **Deutsche Annington** said it successfully raised €451m in a private equity placement aimed at the acquisition of 5,000 apartments from **CitCor Residential Group**, a joint venture of **Citigroup Property Investors** and manager **Corpus Sireo,** The proceeds will be also be used for future acquisitions and debt repayment.

The Bochum-based Annington issued 19.6m new no-par value ordinary registered shares, which were placed in a private placement to institutions in an accelerated bookbuilding process. The shares were placed at €23 each, generating gross proceeds of €450.8m. Deutsche Annington announced the purchase of over 5,000 apartments and some 210 commercial units (mainly located in Dresden, Leipzig, Erfurt and Berlin) in September.

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It gave no price but said average monthly net rents of the package are €5.52 per sqm, which would suggest a purchase price of around €300-320m. At end-September, the firm owned 184,000 units, and boosted nine months' FFO by 26% to €205m. It forecasts €280m-€285m for the full-year, growing to €340m-€360m in 2015 through further portfolio growth and optimisation. The company also said it would maintain its dividend outlook of €0.78 per share for the 2014 fiscal year, which would include the newly-issued shares.

Meanwhile, the MDAX-listed Annington raised nine months' funds from operations by 26% to €205m for the first three quarters, and forecasts €280m-€285m for the full-year, growing to €340m-€360m in 2015 through further portfolio growth and optimisation.

"We have developed extremely positively over the last 18 months and are a reliable partner for our investors and for our customers," said CEO **Rolf Buch** (*pictured, left)* in a results statement. Record expenditures on investment and maintenance contributed to the improved results. It recently added 5,000 units in Berlin and other cities in eastern Germany for an undisclosed sum from a joint venture of Citigroup Property Investors and manager Corpus Sireo.

In April, it bought 11,400 apartments - mostly in Munich, Frankfurt and Hamburg - from **DeWAG**, a firm controlled by US housing group **Archstone**. Another 30,100 flats, mostly in northern Germany and North Rhine-Westphalia, came from **Vitus**, controlled by the UK's **Round Hill Capital**. Annington also sold 9,600 units across North Rhine-Westphalia for €484m to listed peer LEG Immobilien (*see elsewhere in this issue*).

At end-September, the firm owned some 184,000 residential units worth €11.4bn. For the third quarter, Annington posted a like-for-like rental increase of 2.3% on 3Q13, and a fall in vacancies by 0.3% to 3.6%. The firm will spent €160m on stock modernisation this year, mainly energy efficiency refurbishments and refits to meet the needs of older people.

"We pursue a sustainable investment strategy which corresponds to the long-term goals of our investors," said Buch. For 2015, the firm plans an investment program of €200m.Net asset value rose by 6.5% to €5.1bn on the end of 2013. The proposed 2014 dividend is set to rise by 11% to €0.78 per share, or 70% of FFO – a percentage it also plans to pay out in 2015.

see page 13

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Commercial Property in (East) Berlin

The Los Angeles-based Colony Capital is one of the largest private equity real estate investors in the world, with €20bn of assets under management across the globe. As an opportunistic investor it focuses on real estate and real estate-related debt investments, NPLs, distressed assets and any other form of undervalued and under-managed real estate offering above-average growth potential. It established its German platform in 2011.

Listening recently to Milan Cvisic (*pictured, right*), the managing director of Colony Asset Management GmbH in Berlin, REFIRE's thoughts turned to the many new residential project developments that have sprung up across the city. Cvisic was waxing lyrical about the attractions of the city's up-and-coming areas with good infrastructure, such as East Berlin's Spree river bank from Ostbahnhof to Ostkreuz along with Friedrichshain-Kreuzberg as growth cores. Plenty of good residential scope there, we volunteered.

No, no, insisted Cvisic. His focus is on these neighbourhoods for *commercial real estate*, particularly offices. Not residential at all. Now he had our attention. We wanted to hear more.

REFIRE: *So, what's so compelling about commercial real estate in Berlin's eastern neighbourhoods?*

Cvisic: The macro-situation in Berlin is easily explained. Germany is one of the world's major economies and Berlin is the only cosmopolitan city, and still an upcoming one at that, which can measure up to London, Paris or New York. As the federal capital and seat of government, it is the centre of politics, media, culture and science. A great number of German and international organisations are concentrated here.

Added to all this, Berlin is a significant transport hub and one of the continent's most visited cities. At the moment, the city still has two airports; it offers direct rail connections to five other European capital cities and is at the intersection of six autobahns. These facts are also highly valued by international real estate investors, who have invested in Berlin's housing and office real estate for a number of years.

For example, in the first half-year of 2014, market reports from the major broker firms announced the highest office space turnover in years. That applies for large-volume lettings as well as smaller volumes. Market activity is dominated by the service, information and communications sectors, as well as by public administration. At the same time, according to BNP Paribas Real Estate, the vacancy rate is at its lowest level for ten years, standing at around 5%.

So why the focus then on East Berlin's office real estate?

Cvisic: Besides the high-price locations in Berlin's historical Mitte district, there are other locations in East Berlin offering exceptionally good infrastructure, such as, for example, Ostkreuz.

Ostkreuz is the most frequented station in Berlin's local public transport network, with around 140,000 people passing through it every day. At the same time, it is the second-largest infrastructure measure that is currently being carried out. The project is scheduled for completion in the year 2017.

A second argument relates to the largest infrastructure measure in our capital: The new BER Airport. In spite of all the project delays and mishaps, it may be safely assumed that it will be fully functioning within the foreseeable future – at the moment, all signs point towards the year 2017.

Of course, it was supposed to open three years ago, but let's assume you're right…

Cvisic: From then on, all flights will go through this airport on the eastern outskirts of the city. The local public transport links run directly from the airport to Ostkreuz, which will then take on an even greater distribution function. In our eyes, this means that all international concerns and institutions which reach the city via the airport will be looking to get close to here.

It is no coincidence that major concerns, such as Coca Cola, BASF, Deutsche Bahn and Universal have completed long-term rental agreements on the so-called Mediaspree bank of the Spree River in Friedrichshain-Kreuzberg.

And here's something that many people do not know: There is a parallel scheme called Stadtumbau West [Urban Regeneration West], comprising numerous measures for the further improvement of the Mediaspree district of Friedrichshain-Kreuzberg. These include, for example, plans for the expansion of autobahn connections. It won't take much before these tender shoots become a mighty forest. END

...from page 11

Since 22nd September, the firm has been promoted to the **MDAX**, the second-highest stock exchange segment, mainly due to an increase in free float and trading volume. It currently has a market capitalisation of €5.5bn.

Germany/Financing

Hypoport sees 10% growth despite flat mortgage market

Independent financial product B2B marketplace provider **Hypoport** saw transactions on the company's **Europace** online platform push past the €9bn level for the first time, on the back of strong demand for German home loans in the third quarter. The group continues to win market share with its online platform which matches a broad range of finance providers with mortgage and other financial product seekers.

According to Berlin-based Hypoport, total transactions reached €9.58bn in the quarter up 11% on 3Q13, making it the most successful quarter ever across all product segments. Home loans grew 13% against the 2013 period, but over the first nine months, were 11% higher at €27bn.

The company posted revenue for the first three quarters of €81.3m, while earnings before interest and tax came to €6.0m, a figure that surpassed all of last year's total.

Hypoport CEO **Ronald Slabke** pointed to the overall market: "Despite the availability of attractive lending rates, there has been no growth in the total value of Germany's mortgage finance market. The expansion of the loan brokerage market has been constrained by the limited supply of real estate in popular locations. Nonetheless, our mortgage-finance business with private clients is growing. We are constantly winning further market share on the back of the superior technology used by our EUROPACE platform and the comprehensive advisory services provided for our private clients by **Dr. Klein** (Hypoport's network of bricks-and-mortar mortgage advisory business across Germany)."

Mortgage finance remained the largest segment, accounting for €7.4bn in third quarter, up from €6.6bn in 3Q13 and up by 6% on 2Q14. Personal loans rose to just over €400m from €376m a year before. "Although interest rates in

general are extremely low, demand for building finance products is currently falling slightly," said **Thilo Wiegand**, Europace's CEO. Building loans fell slightly to €1.75bn, but compared with the same quarter in 2013, were more than 6% ahead.

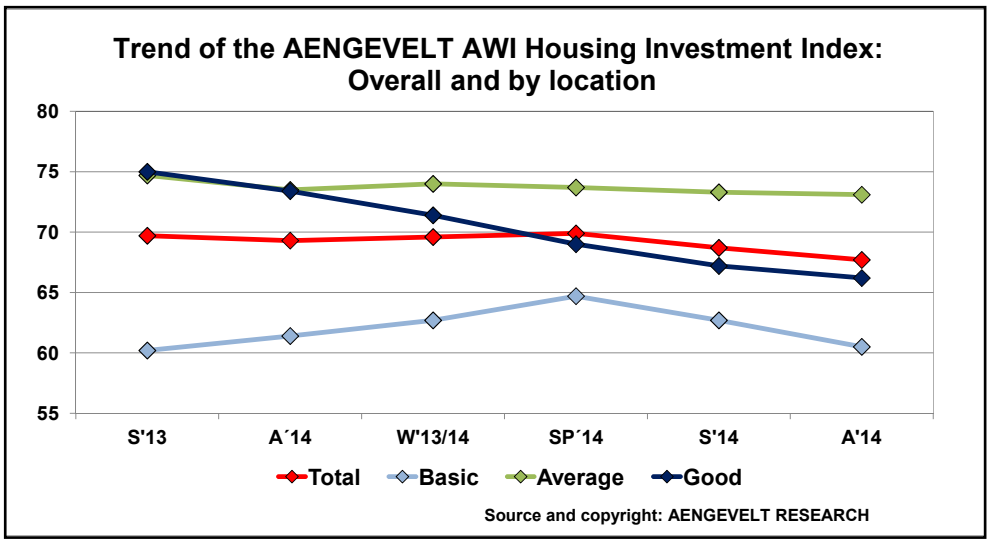
Europace links up 250 partners, including banks, insurers and financial product distributors, and is the largest German B2B transaction platform linking wholesale providers to brokers. A subsidiary of Hypoport, it facilitates over 20,000 deals each month, and has annual volume of over €30bn, handling more than 10% of German mortgages.

Aengevelt AWI Residential Index- Meanwhile, the quarterly AWI residential investment index, developed and maintained by Düsseldorf-headquartered Aengevelt Immobilien, has shown a further downward move in the latest autumn reading.(see chart below). The index tracks the current and future outlook of the German residential market in Good, Average, and Simple quality housing categories from the viewpoint of rental and investment price expectations.

The latest reading of the composite AWI-Index is 67.7 points, down from the summer reading of 68.7 points, and down in all categories for the second quarter in a row. At the top end (Good Quality and Location) the index is down for the eighth quarter in a row to 66.2 (high point 80.8 in autumn 2012). In other words, the market at the upper end now rates further price rises increasingly unlikely.

According to Markus Schmidt, Aengevelt's head of research, "On the one hand we're seeing a natural rental ceiling being reached in a lot of places for the Good Quality category, while in many other places the big rental price increases have already been pushed through. Since much of the demand has already involved people moving to lower their living costs, new leases being signed for existing properties are becoming scarcer. Hence much of the upward potential has already been exhausted at this stage."

In the Good and Average categories, the index shows that a good half (51%) of respondents still expect rising rents, albeit down on earlier readings, but for Simple housing 44% are still expecting rent increases. Hence the nominal winners are owners of Simple housing who've seen vacancy rates falling rapidly without an equivalent improvement in housing quality. Respondents are also negative on the prospects for new construction at the lower quality level, suggesting that at the lower end affordable housing is going to remain very scarce.



Germany/Legislation

NRW joins stampede to raise Property Transfer Tax

Following hot on the heels of the **state of Hesse**, which precipitated a rush on the available notaries in the state when it raised its acquisition transfer tax (*Grunderwerbsteuer*) prematurely in August, North Rhine Westphalia has now also announced its own tax increase. NRW's red-green coalition government decreed that Germany's most populous state will increase its rate from 5.0% to 6.5% on January 1st 2015.

The increase will see NRW have the highest effective stamp duty in the country, along with Schleswig-Holstein. Government officials expect to reap an extra €400m from the tax increase, which it described as "contributing to a reduction in the rate at which new debt is taken on", in the light of a moratorium on new debt at municipal level by 2020. The move came after the **SPD-Green coalition** under **Hannelore Kraft** had consistently denied it planned to increase the property transfer tax.

Criticism of the new tax increase came hard and fast after the announcement. **Martin Dornieden**, chairman of the property industry association **BFW Nordrhein-Westfalen**, commented: "The proposed raising of the property transfer tax from 5% to 6.5% at the end of the year will act as a brake on new residential construction and will intensify the tense housing situation in areas where housing is in heavy demand. The government goal of reducing debt is admirable, but will come at the cost of construction of new rental accomodation as well as adding an extra burden on those planning to buy in the future." Already 17% of the total

FINANCIAL ANALYST (M / F) Based in Frankfurt

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...from page 14

costs of a newly-built house accrue to the state, and this is about to rise to 18.5% in NRW. The tax rate last rose in October 2011 - from 3.5% to 5%, so the latest rise is effectively a doubling of the tax rate within three years. This has seen the tax part alone of the acquisition of a single-family home valued at €250,000 rise from €8,750 three years ago to €16,250 on January 1st.

Rental rates alone have risen by €1.50 per sqm per month due to political measures over the last few years, claim critics. Given an annual demand for 60,000 to 80,000 new housing units in NRW, increasing the *Grunderwerbsteuer* again after a mere three years is a grossly irresponsible housing strategy and counter-productive, they say. According to Dornieden, "There will be no defusing of the housing situation based on publicly financed housing alone - we need new private construction of residential housing and self-financing rental housing construction. Things will get even more difficult when interest rates on loans start rising again – that will finally make the dream of home ownership for broad swaths of the population unaffordable"

Also weighing in with criticism of the new tax rise was **Dr. Wulff Aengevelt** (*pictured, left*) of Düsseldorf-based property brokers **Aengevelt Immobilien.** "This latest move – cynically disguised as a measure to avoid the taking on of further new debt – is actually very anti-social, since it hits hardest the private owner-occupiers, who inevitably have to operate within the tightest budget constraints. But it will also affect investors and project developers, who also have finely-calculated yield expectations."

"But the question is – does this tax rise really lead to the enormous extra income that governments expect? Or does it simply

Guest Column:
Jürgen Scheins, Managing Director of VALTEQ Gesellschaft mbH

EXPO 2014: A personal review

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Admittedly, it was a little unusual for me. Our first EXPO presence under the CBRE umbrella, we found ourselves in a new base in Hall A1 and, with it, the opportunity to conduct the typically closely-spaced meetings on our own, prominently-positioned stand; or so we thought. For, once again, the trade fair has gained in size and, as early as Monday – and even more so on Tuesday, there was hardly any space to hold an uninterrupted conversation – and certainly no hope of doing so while seated – on any of the favoured stands or, for that matter, even in the emptier corners of the trade halls.

Even if the school-trip charm has fallen away somewhat, given the scale of the fair, the Expo remains the place to be to meet up with a whole host of familiar faces and, at the same time, to make acquaintance with many new ones. One thing that particularly pleased us is the wide demand for expertise in the field of technical advisory services for real estate and transactions.

This subjective feeling is also backed up by the many insights I gained from countless conversations. On the one hand, it is evident that the transaction market is not yet exhausted. The investment pressure felt by many domestic and foreign funds, as well as other institutional investors, is leading to wrestling matches for the best portfolios or the best properties. In this regard, the lack of product is universally bemoaned – at present, there are hardly any large portfolios in sight. This could possibly account for the impression I had that estate agents and broker firms were so visibly represented during the trade fair and at evening events. At the same time, I felt that there were fewer financial service providers at the trade fair. There are obviously no major financing problems at the moment, or the related demand for banks. I will be interested to see whether the clouds that threaten to darken the economic landscape will change this situation.

The second thing I noticed was that even the German real estate market has not been left untouched by international politics. For example, I had the clear impression that the Russian Federation's trade stands were not as eagerly visited as they had been at past Expos, or even at MIPIM; and the existing sanctions against various banks and investors with interests in real estate really are becoming a concrete issue, which a number of participants will now have to tackle. We are however currently seeing great demand for German real estate and portfolios, particularly among Asian investors.

The EXPO organisers reported a slight increase in visitor numbers in their official round-up of the trade fair. For VALTEQ, I am happy to say that we enjoyed a large increase in visitors in Munich and many exciting conversations with our partners and customers.

lead to a huge rise in so-called "share deals", in which assets are acquired by companies without the payment of the property transfer tax? Within one year of Berlin raising its rates in 2013 the number of share deals in Berlin rose by 41% to more than €4bn, in Frankfurt they doubled to more than €2bn, and quintupled in Düsseldorf to €840m. Not only has this led to the loss of hundreds of millions of tax revenue, but also to a loss of market transparency, since the data in such transactions and therefore big chunks of the market are not officially captured by municipal advisory committees. In addition, the tax increase, much like the rental cap or *Mietpreisbremse*, won't help to build a single new apartment – on the contrary, it will set marginal households back years, prevents them from building property wealth, and encourages large-scale tax avoidance. This is both unfair and antisocial."

Given the surge in property investment in Germany over the past few years, fuelled by all-time low interest rates, it's not surprising that the federal states have seen strong net increases in the tax take from their property transfer taxes, most of which (bar Saxony and Bavaria) have raised their tax rates over the past 24 months. Latest figures from the Berlin **Finance Ministry** show that in September alone a total of €838m in property transfer tax flowed into the federal states' coffers – an increase of 0.8%. For the first three quarters of this year the amount totaled €6.9bn, an increase of 10.1%. The Finance Ministry reckons with a full-year rise of 9%, for a total of €9.2bn.

Germany/Acquisitions

Corestate sells 5,000-unit NRW portfolio to GAGFAH

Swiss real estate investor **Corestate Capital** said it had sold a German residential property portfolio to German listed residential firm **Gagfah**, for an undisclosed price.

The portfolio includes around 4,960 residential units spread across several major cities in North Rhine-Westphalia. Gagfah commented that the portfolio deal represented "a first step in the recently announced growth strategy of our firm."

"Our specialised asset management team began to take the necessary steps to reposition and stabilise the portfolio as soon as we had acquired it," commented **Thomas Landschreiber**, CIO of Zug-based Corestate. "Committing a pinpoint cashflow, we refurbished parts of the portfolio, decreased vacancy rates, enforced market-consistent rent increases, and thereby created an increase in value and value retention of the properties."

The deal follows Corestate's disposal over the summer of a portfolio of 8,200 German residential units to Frankfurt-listed

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Adler Real Estate. The portfolio comprised over 7,700 residential and 490 commercial units spread across Germany, with a focus on the federal states of Saxony, Saxony-Anhalt and North Rhine-Westphalia.

Headquartered in Zug, Switzerland, Corestate specialises in turning around under-performing residential property portfolios in Germany. The management-owned company acts as an investor and asset manager, generally co-investing alongside its principal investors with an own equity interest of up ot 50%.

Founder and CEO **Ralph Winter** said recently that in its club deals with investors Corestate had achieved an average equity yield rate of 29% per annum and a return on the invested equity of 1.7 time, with an average investment period of less than 36 months. Many of the more successful deals involved under-managed residential portfolios well outside the largest cities and them stabilising them, managing them, and then selling them as stabilised portfolios suitable for new investors looking for lower targeted returns.

Germany/Healthcare real estate

US REIT in $900m takeover of leading German healthcare provider

Medical Properties Trust Inc, (MPT), the Alabama-headquartered healthcare REIT, took a major further step in its European expansion when it committed to buy and lease back nearly all the real estate assets of the Dutch **MEDIAN Kliniken Group**, the largest provider of post-acute and acute rehabilitation services in Germany. The price being paid is €770m, or nearly $900m. The deal is the largest foreign investment in European healthcare property to date.

In a complex deal involving Netherlands-based **Waterland Private Equity**, the new majority owner of MEDIAN Kliniken, MPT will buy and lease back to MEDIAN the real estate assets of 38 rehabilitation and two acute care hospitals throughout Germany, under a 27-year master lease. MEDIAN has approximately 9,400 beds throughout Germany, so the new deal will bring MPT's total number of beds to 11,280 across the country.

The REIT will process the transaction by working with an affiliate of Waterland, which is buying a 94.9% equity interest

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in MEDIAN Kliniken. MPT will acquire the remaining 5.9 percent stake and will provide loans to Waterland and MEDIAN for up to the purchase price of the sale/leaseback real estate. The loans will be offset against the purchase prices of each real estate acquisition.

Last year MPT made its first foray into the German healthcare market (reported on in these pages) when it bought eleven clinics leased to **RHM Kliniken**, itself also a subsidiary of Waterland, for €184m.

According to **Edward Aldag Jr,** the chairman, president and CEO of MPT, "This is an important transaction because it significantly increases our asset base to approximately $4.5 billion, and builds on our recent entry into the attractive Western European market. The acquisition of the MEDIAN real estate is a very compelling and unique opportunity for MPT and is fully aligned with our strategy to diversify our market-leading hospital portfolio across geography, operator and facility type."

MPT said that, under the terms of the agreement, it would earn an initial lease rate well within MPT's 8.0% to 11.0% target range, with annual escalators at the greater of 1% or 70% of German CPI. Aggregate earnings before interest, taxes, depreciation, amortization and rent for the 40 hospitals are also expected to approximate MPT's historical underwriting targets for post-acute hospitals.

REFIRE: *MPT highlight the particularities of the German market as making it so attractive for its European expansion. In particular, the fact that German law (at least nominally) guarantees healthcare access, coverage and a high standard of care for everyone.*

Specifically, German citizens 'right' to rehabilitation – along with a much broader definition of rehabilitation than the US, to include prevention of disabilities and the avoidance of physical and mental restrictions – has the goal of maximising functional abilities to prevent early retirement or long-term care.

For MPT this is important, as the company's business model makes it the sole US healthcare REIT focused on hospitals and other facilities where patients are admitted only by doctors. In Germany, 70% of rehabilitation insurance is covered by German public pension funds and statutory health insurance.

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from page 21

With rehab spending in Germany rising at more than 2.7% annually, an aging population and an increase in the number of single households, the average length of stay in acute care hospitals is actually declining, which leads to higher conversions and revenue.

With market consolidation, the number of rehab facilities in Germany is decreasing, dealing a stronger hand to the better-capitalised companies such as MEDIAN. With MPT's recent entrance into the UK market with its acquisition of CircleBath hospital for $50m, the company is clearly committing resources to building out its European and German platform.

Germany/Financing

Aareal Bank clears final debts with SoFFin, boosts new business underwriting

The Wiesbaden-based property financing bank **Aareal Bank** last week repaid the final remaining €300m of the silent participation provided by Germany's bank bailout fund **SoFFin**, nearly six months ahead of its contractual repayment date of March 31st 2015.

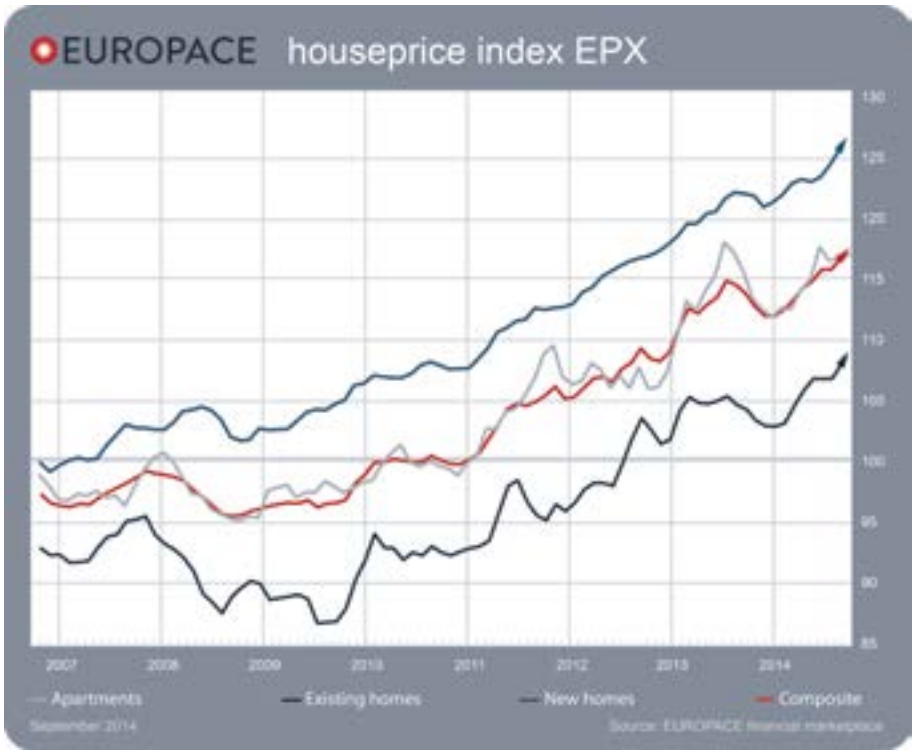
The conservative Aareal had drawn on support made available by the government in early 2009 to stabilise the financial services sector at the height of the financial crisis. The objective had been to protect Aareal Bank's sustainably profitable business in what was a very difficult market environment at the time. Last year Aareal Bank raised its profit 13% over the previous year.

In addition to the silent participation, which had an original amount of €525 million and accrued interest at 9% p.a, SoFFin had granted a guarantee facility to Aareal Bank for unsecured issues of up to €4 billion. Aareal started its gradual repayment of the silent participation in the summer of 2010, with an initial tranche of €150 million, followed by a further €75 million tranche in 2011. At the end of March 2012, Aareal returned all issuance guarantees, and has paid SoFFin a total of about €237 million to date in interest and guarantee fees.

Meanwhile, Aareal Bank received a strong thumbs-up in the recent **ECB's** assessment of German banks in the recent Eurozone bank stress tests. The bank was rated the best positioned of any real estate lender in Germany – assuming marked macroeconomic deterioration, its core capital ratio would decline to 11.8%, more than twice as high as the level held to be necessary by the ECB (5.5%). **Hypo Real Estate** (10.8%), **BayernLB** (9.4%), **NordLB** (8.8%), **Helaba** (8.2%), **Dekabank** (8.0%), and **Commerzbank** (8.0%) also have large buffers. **HSH Nordbank** (6.1%) and **DZ Bank** (6.0%) passed by a relatively small margin, while **Münchener Hypothenkenbank** was the only bank that failed the test (it has since raised additional capital which would haves seen it passing).

Aareal Bank has traditionally had a strong lending exposure to foreign investors, both in Germany and in neighbouring Europe. Earlier last month (October) the bank acted as Joint Lead Arranger with Munich-based **pbb Deutsche Pfandbriefbank** to underwrite a €515m senior loan facility to the Boston-headquartered **Beacon Capital Partners**, secured on the *Tour First* office tower in Paris's *La Défense*.

AEW Europe's Senior European Loan Fund 1, UK asset manager **M&G Investments** and a third banking partner also participated in the facility. At 231m with 50 floors, Tour First is the tallest office building in France. It underwent a €300m refurbishment between 2008 and 2011, with the height of the tower raised from 155m previously, and 83% of the total lettable area is now leased to international companies including consultants **EY** and **Euler Hermes**. Beacon



Germany house price development

said in 2012 that it planned to keep the tower in its portfolio for between one and three years.

Aareal MD **Martin Vest** *(pictured, right)* said the refinancing deal allows the bank to pursue the growth of its portfolio in France. "This transaction is a further proof of our strong commitment to France being one of our core markets in Europe," he said.

Figures just released this week show that Aareal's structured property financing during Q3 amounted to €3.4bn, of which €2.3bn consisted of newly-originated loans. Compared to the same period last year (€2.3bn and €1.2bn respectively), but also compared to the two previous quarters, this represents a significant increase: the first nine months of the year showed new business increasing year-on-year from €6.7bn to €7.6bn, of which two-thirds was newly-originated loans. The bank's board increased its previous new business forecast of €8-9bn for the year to around €10bn.

Operating profit generated by structured property financing for Q3 rose from €52mn year-on-year to €74m, largely due to "the unexpectedly high effect of early loan repayments." However, bad debt provision rose from €29mn to €36mn. The entire group posted a consolidated operating profit for the first nine months that improved to €348mn (2013: €140mn), with €152mn being credited to the **Corealcredit** takeover (bought from **Lone Star**) at the end of last year.

Austria/Listed Companies

Austria's Immofinanz completes exit from Swiss, USA markets

Listed Austrian commercial property developer **Immofinanz AG** is continuing its steady withdrawal from all non-core markets as part of its stated strategic plan of selling off €500m to €600m annually in assets over a five-year period. The company plans to refocus on core markets such as Germany and traditional CEE countries.

The original plan to sell €2.5bn assets within five years was exceeded after only four years, with the transactions resulting in a double-digit margin over the book value.

In Switzerland, Immofinanz sold two assets in Bülach, north of Zurich, and

UPCOMING EVENTS AND CONFERENCES

EVENTS/ CONFERENCES Oct -Nov 2014

November 6th-7th Thurs-Friday
CREFC Autumn Conference, London
GRI new financing structures, the Spanish market, a beginner's guide to effective regulatory engagement and high quality securitisation (HQS). The day will close with a networking reception. Experts discuss European debt liquidity, finding relative value, reinvention of mezzanine debt and the equity and debt view on the private rented sector (PRS).
More: www. crefceurope.org

November 24th-25th Monday-Tues
GRI Deutsche Wohnen, Berlin
The first edition of the GRI concept focused on German residential, being held at the Bristol Kempinski. Public and municipal property companies, German and international investors, developers and lenders will discuss where the opportunities lie and what the headaches in the sector are.
more at: http://www.globalrealestate.org/DeutscheWohnen2014

November 27th Thursday
LMA Munich Real Estate Finance Conference, Westin Grand Hotel, Munich
The Loan Market Association LMA's first real estate conference in Munich, with more than 130 professionals already registered, with three weeks to go. An impressive line-up of industry speakers will be discussing challenges in the highly competitive German REF market.
more at: http://www.globalrealestate.org/De

October 6th-8th, Monday-Wednesday
ULI Leadership Award & Urban Leader Forum - Hamburg
The ULI annual awards for leading personalities in the categories of Young Leaders, City Planning/Administration , Real Estate Industry, and more
More at www.http://german.uli.org

one in Derendingen near Berne with 140,000 sqm gross lettable area, at a price of CHF115m (about €95m) exceeding book value. The buyer was a **Credit Suisse** commercial property fund. "This step completes our exit from the secondary market Switzerland," said CEO **Eduard Zehetner**. "We were also able to benefit from the high CHF exchange rate on this transaction."

The proceeds from the Swiss disposals will be used to develop logistics projects in Germany. "We want to further expand the position of our subsidiary **Deutsche Lagerhaus** as a key logistics player," Zehetner said. Immofinanz holds 470 retail, office and logistics investment properties valued at €6.9bn across Austria, Germany, the Czech Republic, Slovakia, Hungary, Romania, Poland and Russia.

The company also effectively ended its involvement in the USA with the sale of three residential property developments in Houston, Texas, to local developer **Sueba**. Immofinanz received $60m (nearly €47.5m) for its 90% stake in the projects, again exiting above book value. The developments involved nearly 1,000 residential units. A further remaining small project for the sale of 277 apartments is also expected to be wound up before year-end.

Immofinanz now holds 470 retail, of¬fice and logistics investment properties valued at €6.9bn across Austria, Germany, the Czech Republic, Slovakia, Hungary, Romania, Poland and Russia.

Meanwhile **Buwog**, Immofinanz's erstwhile residential property division now equally focused on Austria and Germany and which listed on the **Frankfurt Stock Exchange** earlier this year, confirmed that it would be paying a dividend of €0.69 per share for the full year 2014, a dividend yield of 4.48%. Immofinanz has now effectively ceded control of the residential subsidiary to shareholders and local management, although chairman-to-be of Immofinanz from May 2015, **Oliver Schumy**, will also follow his predecessor Eduard Zehetner with a seat on the Buwog advisory board. The Buwog board also announced its intention to issue up to €390m of convertible bonds over the next five years.

Germany/Residential real estate

Round Hill sells 800-unit Berlin portfolio to Akelius

The UK-based **Round Hill Capital** took advantage of healthy underlying demand to sell a portfolio of 798 residential units in Berlin to the acquisitive Swedish investor **Akelius GmbH** for about €86m, in what it described as "a scheduled disposal of assets in line with the fund's investment objectives." The sale represents a multiple of 20.4 times current rent and equates to €1,430 per sqm.

The portfolio comprises 39 assets with about 60,000 sqm of gross lettable area in mainly inner-city locations in Berlin such as Neukölln, Wedding, Tiergrarten, Kreuzberg, Lichtenberg and Charlottenburg. Round Hill's Berlin team said that the assets had been significantly upgraded since they were bought, while the vacancy rate had been reduced and rents increased.

According to Round Hill's CEO and founder **Michael Bickford**, "The German residential market continues to have strong underlying investment fundamentals. The market continues to be characterised by compelling macroeconomic and real estate fundamentals; limited, good quality and affordable housing supply; and robust demand with favourable financial characteristics, which combined with our residential operating capabilities, provides a first-class platform from which to invest in, manage and sell real estate assets."

Round Hill has been active in the German market for nearly 10 years, and has raised a number of German residential funds that own more than 10,000 units

...see page 25

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CORPUS SIREO
REAL ESTATE

SWISS LIFE BUYS CORPUS SIREO, THE LEADING INDEPENDENT REAL ESTATE ASSET MANAGEMENT SERVICE PROVIDER IN GERMANY

Swiss Life is acquiring CORPUS SIREO and becoming a leading real estate asset manager in Germany.

The Swiss Life Group is expanding its position in real estate asset management by acquiring CORPUS SIREO, the leading independent real estate service provider in Germany, with retroactive effect from 1 January 2014. The sellers of the company are three German savings banks: Sparkasse KölnBonn (50%), Stadtsparkasse Düsseldorf (25%) and Frankfurter Sparkasse (25%). This makes Swiss Life a leading real estate asset manager in Germany. The purchase price is EUR 210 million. Pending approval by the competition authorities, the transaction will be completed in the course of the second half of 2014.

„This acquisition is an important step to extending our position as a leading provider in one of our core strategic areas, real estate asset management, from Switzerland and France to Germany," says Patrick Frost, CEO of the Swiss Life Group. „Given our more than 150 years of experience in the real estate business and the additional expertise contributed by the 550 employees of CORPUS SIREO, we are confident that we will be able to successfully expand this business area further."

CORPUS SIREO, with its head office in Cologne, was founded in 1995 and has since evolved from a regional real estate brokerage company into the leading German independent real estate service provider, winning a number of awards over the past years as the top real estate asset management service provider in Germany. The company is also one of the two most popular employers in the German real estate sector. CORPUS SIREO provides real estate services for third parties through its 11 branch offices in Germany and Luxembourg. The company manages some EUR 16 billion in real estate assets and generates revenues of approximately EUR 160 million. Its customers include investors, banks, and companies with proprietary real estate portfolios.

„With the globally focused Swiss Life as its new owner, CORPUS SIREO will be able to further develop its business systematically and enter new markets. To this end we would also like to give greater consideration again to co-investments. We are looking forward to taking the next steps in our development alongside Swiss Life," says Ralph Günther, spokesperson for the Management
The business segments acquired by Swiss Life comprise:

- Asset management (commercial, residential and retail) with full-service solutions for acquiring, optimising and marketing customers' real estate portfolios or individual properties;
- Project development including the design, building and marketing of residential projects;
- Investment management comprising the design, launching and management of indirect real estate investments;
- Marketing of residential property in the conurbations of Cologne / Bonn, Düsseldorf and Frankfurt, as well as commercial properties throughout German

Swiss Life

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. In its core markets of Switzerland, France and Germany, Swiss Life offers individuals and corporations comprehensive and individual advice plus a broad range of own and partner products through its sales

...from page 22

throughout Germany, as well as in the Netherlands following a recent major acquisition. In commercial property it manages a portfolio of Grade A office buildings in German, Belgium, the Netherlands and Austria

Germany/Legislation

Little sympathy for German estate agents' strike action

For most Germans it's already been the worst year in living memory in terms of strikes, with the travel season having been interrupted several times already this year by **Lufthansa's** pilots and the crews of trains on Germany's **Bundesbahn**. The longest train strike ever has just been resolved (for now), so Germans are used to real inconvenience and alternative planning to accommodate the brunt of the transport workers' dissatisfaction.

No surprise, then, that there was neither sympathy nor understanding for a threatened strike by a widely-reviled group of business professionals – the property brokers. The strike was scheduled for November 7th, but despite warnings by the brokers' association **BVFI's** leadership of the threat to the 'profession', barely a third of the association's own membership of 12,000 heeded a call to down their commission-earning tools in favour of solidarity with their brokering brethren.

Of those members who participated, only 30% voted for the action, 6% voted against and 64% abstained. The required two-thirds quorum failed to be met, and the call to arms was thus rejected by default.

BVFI believes that the proposed regulation will threaten the entire broker profession. "The draft legislation submitted by the government on the so-called mandating principle (*Bestellerprinzip*) will lead to the destruction of around 10,000 brokerage companies, meaning the end for one-third of all broker firms," BVFI announced in its strike appeal. "At least another 10,000 jobs are on the line."

Rival owners' and landlords' association **Immobilienverband Deutschland IVD** has also sought to distance itself from its fellow association BVFI's call to man the barricades, describing it as "absurd nonsense, and leading to the rest of the industry just shaking its head in bewilderment. The strike would simply damage the actually reputable brokers", according to spokesman **Jürgen Michael Schick.**

At issue is the so-called '*Bestellerprinzip*' or the principle of "who orders, pays" – a reference to an imminent change in the law that will shift the burden of paying the commission on a leased or bought property onto the landlord or the seller, rather than the tenant or the buyer.

Given the low standing of the 'profession' of broker in Germany, support among the public as voiced in social media channels and Twitter has been understandably muted. There were calls for the strikers to go ahead and stay on strike for ever, and other less than encouraging exhortations.

Nonetheless, even groups like the IVD recognize that the new law WILL cause problems for many real estate agents across Germany. As it currently stands, about 850,000 rental properties are re-let each year with the help of a broker, which is around 40% of lease renewals. The number rises to around double that, or 80%, in tight markets such as Berlin, according to the newspaper *Tagesspiegel*. The new tenant typically pays the agent a commission of 2% plus VAT. From next year the tenant will pay the landlord, who will either pay the broker or may take on the whole process themselves, depending on their appetite for getting closely involved in tenant negotiations.

While getting a handle on exact figures is difficult, and the various lobbying organisations strive to outdo each other in estimating the damage caused to their constituents, the broker legislation is closely allied to the separate legislation being enacted by the government on residential rental caps, the so-called *Mietpreisbremse*. This stipulates that when existing apartments are re-rented, the permissible rent be limited to comparable local rates (*Mietspiegel*) plus 10%. This will take effect only after the federal states have enacted specific ordinances to identify regions with tight housing markets.

About 2m of the 21m rental apartments in Germany are supposed to benefit from rent control. According to the **Ministry of Justice**, tenants will save annual expenses of €850m through lower rent increases and the elimination of broker fees. Income losses for landlords from rent control are estimated at €283m annually - to which have to be added additional broker fees of €219m.

REFIRE: Swings and roundabouts. A messy transition period while the industry undergoes profound and permanent change is to be expected, at the least.

Germany/Research

German commercial property transactions up 30%, headed by office

Research from property consultancy group **NAI apollo** shows that transaction volumes in the German office market have increased by 40% to €12bn over the first three quarters of 2014. Figures reaching us from fellow brokers **BNP Paribas Real**

...from page 24

Estate and **JLL** do deviate somewhat from the NAI apollo figure, but frequently these are a function of definition – what certainly seems to be the case is the office sector has seen the second-highest first three quarters transaction volume ever in Germany, a sign of how strong it has swung back into investors' favour.

Overall the investment market for all categories of commercial property was €25.4bn, up a full 33% on the same period last year. NAI apollos's figure of €12bn for the office sector give the category a share of 47.2% (up 40% on last year), while retail at 26.2% (€6.7bn) remained on a par with last year. Another big winner is logistics real estate (see elsewhere in this issue) which rose 54.6% year-on-year to a volume of €2.7bn and a share of 10.5%, thus exceeding even the previous record year of 2007 for the asset class, when it turned over €2.5bn.

Naturally the high demand in the office sector has led to lowered yields, of about 5 basis points in the case of Berlin (4.6%), Frankfurt (4.6%) and Munich (4.25%). Notable in the NAI apollo figures for office is the hefty increase in portfolio sales volume (up 164%) versus individual sales (up only 20.7%). This was largely due to the €1bn LEO-1 portfolio sale to a **Patrizia Immobilien** *Spezialfonds*, and in Q3 the sale of the **Orion** portfolio to **I-REIT Global** in Singapore for €225m.

Also notable is the rise of German investors at the expense of foreigners. According to **Dr. Konrad Kanzler**, head of research at NAI apollo, "A look at the buyers' roster shows a clear dominance of German investors with a share of 61.5%or €7.3bn, up a third on last year, and ahead of US investors at 17.5% or €2.1bn, followed by UK investors at 5.9% and €710m.

NAI apollo says the demand for office assets will continue over the next several months, with investors searching extensively in B-locations and for value-added products. This will see full-year transaction volumes cross the €15.6bn threshold.

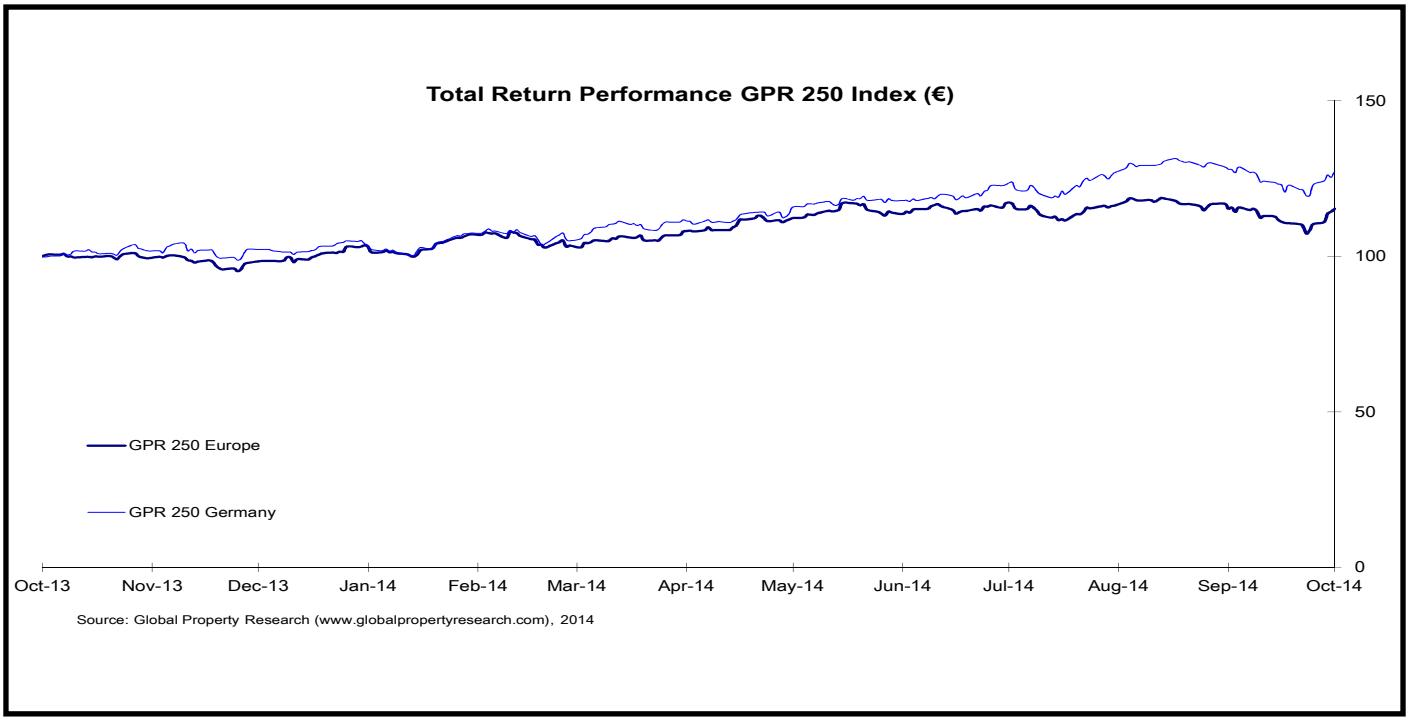
Germany/Healthcare real estate

Belgian REIT Aedifica boosts German nursing home holdings

The **Brussels Stock Exchange**-listed REIT **Aedifica** has bought a further portfolio of eight nursing homes in northern and western Germany for €60m and an initial gross yield of 7%, and raising its German holdings to above €100m.

The nursing homes are located in small cities in North Rhine-Westphalia and Lower Saxony and offer 642 beds, the firm said in a statement. Seven of the homes are in North Rhine-Westphalia (Rheinbach, Wenden-Rothemühle, Kalletal, Kirchlengern, Kierspe, Enger, Olpe), and one is in Bad Harzburg, Lower Saxony. This brings the company's number of beds in Germany to 1,135 across 13 nursing homes, after an earlier acquisition this spring of two other nursing homes in Bonn and in Sonneberg, Thuringia.

"We look forward to taking another important step in the development of our German portfolio, with the addition



Graph of Total Return Performance of Europe and Germany in Euro currency over the past twelve months

Charts courtesy of GPR Global Property Research

of eight rest homes," said CEO **Stefaan Gielens**. The assets were constructed between 2009-2011 and are leased for 25 years to Bremen-based operator **Residenz Group**, which will remain responsible for repair and maintenance costs of the buildings.

Aedifica has allocated the assets to three Luxembourg fund vehicles, in part due to the legacy of the assets previously being owned by the **Sireo Immobilienfonds Nr. 5 Sicav-Fis** managed by **Corpus Sireo**. Residenz Group bought the assets back from Corpus Sireo earlier this year, prior to offering them to Aedifica.

Aedifica said Germany offers significant investment opportunities in the nursing home segment as it is the largest European market and has a strong demographic trend towards an ageing population. Care operators have started to grow and consolidate as well.

"As in all western European countries, the need for financing solutions for real estate infrastructure in the healthcare sector will inevitably grow," said Gielens.

Aedifica has a portfolio of €800m, which includes senior non-nursing-home housing in Belgium and apartment buildings in the largest Belgian cities, in addition to its care facilities in Germany. The group has a market capitalisation of €550m.

Germany/Study

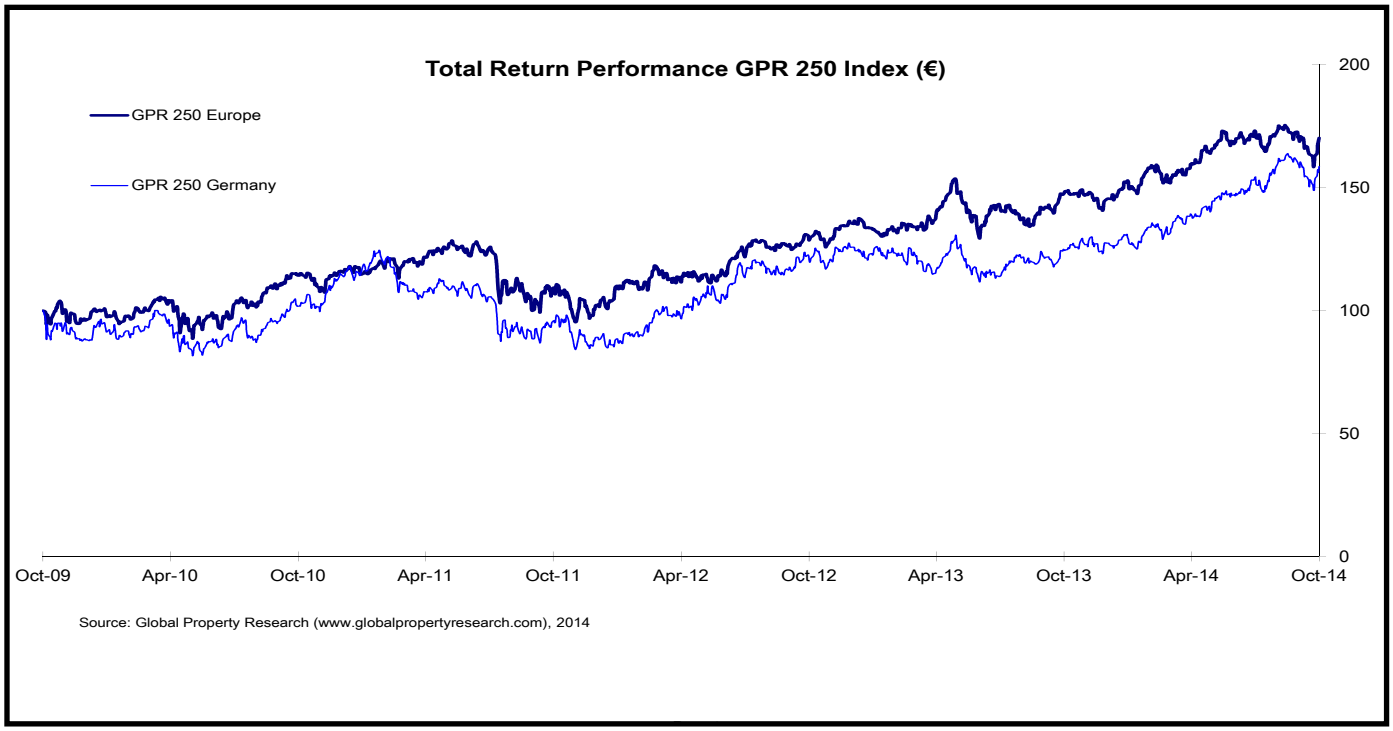
Mood remains upbeat among German property finance providers

The latest quarterly barometer from Berlin-based **Flatow Advisory Partners**, which measures the climate in Germany for real estate finance investing, reflects a buoyant mood among property financiers as new lending business opens up.

In its latest reading for the fourth quarter of 2014, Flatow's **FAP Barometer** returned a stable positive score of +2.33 index points (slightly down on the previous quarter's +2.48 points). Sentiment among lenders on the German commercial real estate financing market remains upbeat, is the clear message. Effectively, nearly 70% believe that the parameters for commercial real estate financing are more progressive than they were the previous quarter. Overall the financing market has been rated as steadily more-progressive (i.e. "greater willingness to finance") by the interviewed experts since 2012, the year the FAP Barometer was launched.

According to company founder **Curth-C Flatow**, "Banks are able to access money cheaply, and they are happy to put it into real tangible investments. Property remains a segment in high demand."

The barometer shows that new business remains steady at around 49%. For existing properties, loan-to-value ranges from 50%-100% in fourth quarter, with the weighted average at around 72% across all financing and property types. Margins are 65bps-600bps at a 176bp average, up from 167bp in 3Q13. For project



Graph of the total return performance of Europe and Germany in Euro currency over the past five years

REFIRE charts courtesy of GPR, Global Property Research

developments, FAP registered LTVs of 50%-90% for a 76% average, up from 73%, and margins of 224bps, up from 205bps.

The bulk of lending volume (85%) is made up of facilities of up to €50m, the survey found, even though the number of loans in the €50m-€100m bracket fell to 9% from 20% in 3Q14. Niche segments such as wellness or entertainment properties or parking garages are becoming more readily financeable, while residential, office or mall financing showed a small contraction. Among project development, hotels and micro apartments were notably prominent.

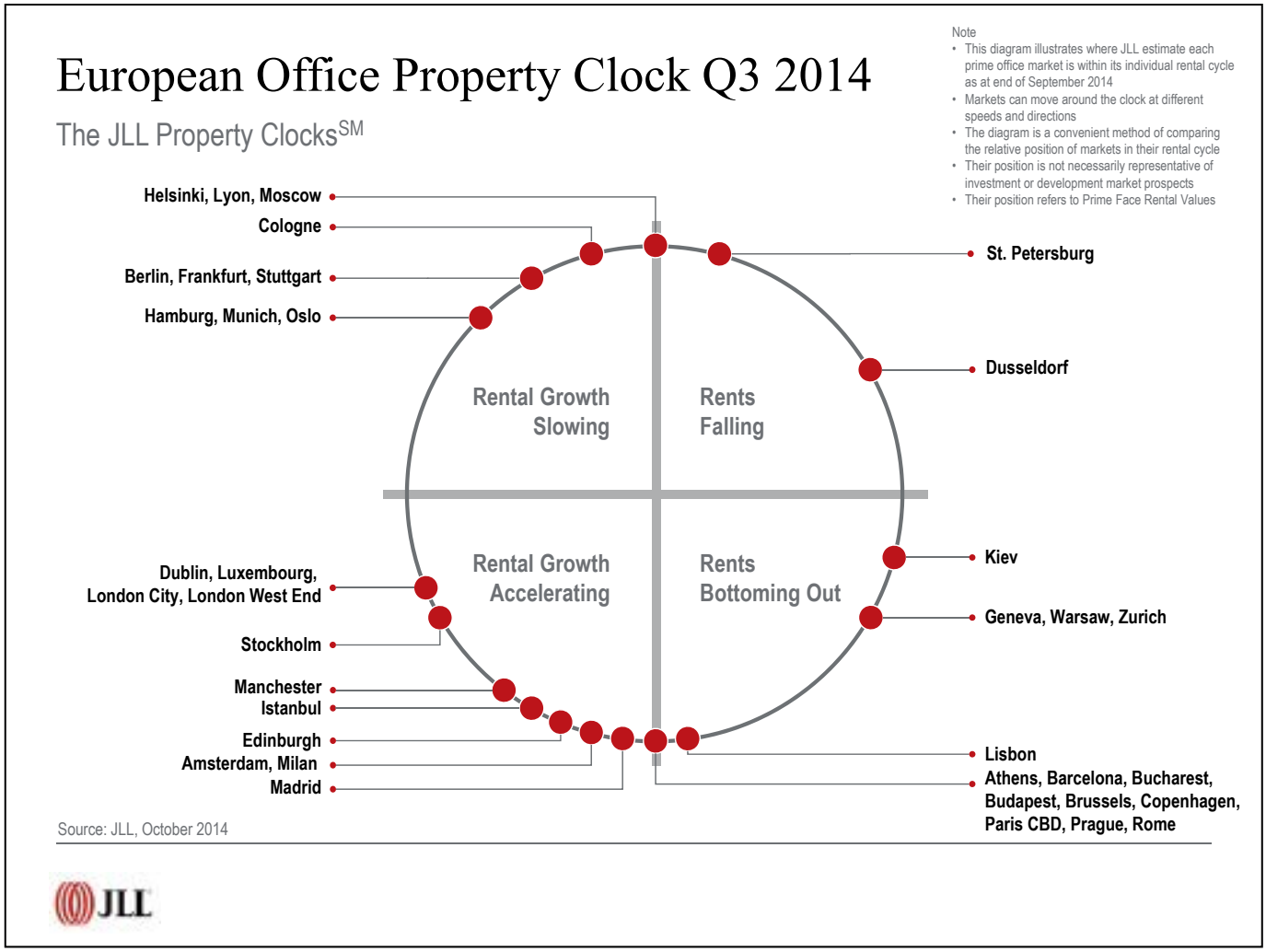
Respondents were also asked for their views on the direction of residential property. About 56% of financiers said they expect further rising rents, but 44% believe the peak has been already been reached. The picture is clearer for purchase prices, with 61% saying the peak has come and gone, while 39% believe the price rises have further to go.

Germany/IPOs

Uruguayan investor snaps up 21% of TLG in muted IPO

There was little fanfare recently in Frankfurt for the listing of eastern German property specialist **TLG Immobilien**, in part due to the somewhat cool reception afforded stocks throughout October. Sentiment has picked up somewhat on global markets since then, with the **DAX** having picked up from a steeply falling month to recover a fair amount of lost ground, despite what looks like a deteriorating economic outlook for Germany.

The TLG share price is also holding steady, but it was forced to launch at the lower end of its price spectrum to ensure that the issue got away cleanly, and avoid a repetition of the stumbling start experienced by fellow-listed group **Deutsche Annington** last year, in a similarly nervous market phase. TLG, owned by US turnaround specialist **Lone Star,**



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launched at €10.75, the lower end of its indicative price range of €10.75-13.75.

A notable feature of the share take-up was the purchase by a Uruguay-an-based equities dealer, who scooped up fully a third of the equity on offer for its own position and on behalf of several Latin American institutional clients. This makes **Mercantil Valores Agente de Valores SA** of Montevideo a 21% shareholder in the Germany company. Following its investment, its first in Eruope for many years, the company commented: "We regard TLG as a unique investment opportunity in high yielding real estate assets in a growing economy with a safe legal environment," it said. "According to our analysis TLG ratios and multiples appear to be more attractive than those offered by comparable Latin American real estate investment companies (e.g. Mexican REITs or Fibras)."

TLG Immobilien owns and manages about 800 offices, shops and hotels in eastern Germany which gives it a strong equity story based on its focused management and solid business model. It has strong presence in Berlin, and also generates about 35% of its rental income from grocery retailers such as **Edeka** and **REWE** and the discount groups **Aldi** and **Lidl**.

At the offer price, TLG was valued at €659m in equity or €1.24bn with debt, which sees it trading at a discount of 17% to its net asset value. The company will have brought in about €100m (less about €5m issue costs) from selling new shares as part of the flotation, now earmarked to expand its core portfolio through acquisitions, while parent company Lone Star should earn €296m in reducing its shareholding from 100% to its current 40%, while retaining the upside potential of selling further stakes at subsequently higher prices. It paid €1.1bn including debt in 2012 for TLG Immobilien from the German state (€594m in cash and €504m in assumed debt)

TLG is now capitalised at about €670m. CFO **Peter Finkbeiner** recently confirmed the company's intention to pay a dividend of 70-80% of the annual Funds from Operations.

Germany/Acquisitions

Samsung Life buys Frankfurt's 'Silberturm' for €450m

The landmark **Silberturm** ("Silver Tower") building in Frankfurt's Hauptbahnhof quarter has been bought by **Samsung SRA Asset Management**, a division of the Korean **Samsung Life Insurance** for a price of more than €450m. The seller is a consortium of eight institutional investors led by **IVG Institutional Funds**.

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BERLINER WOHNUNGSMARKT - nachhaltiges Wachstumspotenzial?
BERLIN RESIDENTIAL - Is the growth sustainable and lasting?

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MEZZANINE, CORPORATE BONDS, CMBS - What is the right mix?

SANIERUNG - Schafft nachhaltige Weiterentwicklung wirklich mehr Wert?
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...and many more

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www.globalrealestate.org/DeutscheWohnen2014

GRI meetings provide a forum for the world's leading real estate players to develop valuable relationships, find new business partners, and strengthen their global networks.

A report in the trade newspaper *Immobilien Zeitung* said the sale of the 166m-high tower went ahead last week after the Koreans offered the highest price in a competitive bidding process. The 36-storey, 78,000 sqm asset was built in 1975-1978 and remained the tallest building in Germany until 1990 when it was the headquarters of the **Dresdner Bank**, which subsequently merged with **Commerzbank**.

The property was thoroughly refurbished for €110m between 2009 and 2011, when its new (and current) tenant German railway **Deutsche Bahn** moved in, and which still has a 12-year remaining lease term. The tower was held by eight institutional investors led by IVG Institutional Funds, which bought it for around €400m in 2011 from Commerzbank. Bavarian public pension fund **BVK** provided €190m debt, but the fund's financing will now to be taken over by Dutch **ING Real Estate**, which won a competitive bid for it, according to Immobilien Zeitung.

Germany/Retail Real Estate

Catalyst Capital buys NRW shopping centre in third German deal

London-based private equity real estate firm **Catalyst Capital** has concluded its third and biggest deal to date on behalf of a partnership it maintains with an overseas family office. The company has just bought the *Erft Karree Kerpen* retail park, near Cologne, from Aachen-based vendor **Nesseler Grünzig Group**, for the partnership. The price paid was about €55m in the form of a share deal.

The transaction follows the acquisition of *Stadt Tor*, an office asset in Neu-Isenburg outside of Frankfurt, for €20 million in September 2013 and *Eschersheimer Landstrasse 50*, an office building in Frankfurt city itself, for €16 million two months ago.

The 55,000 sqm retail park is let to 31 separate tenants including home improvement specialist **OBI**, office supplier **Staples**, sports retailer **Intersport** and consumer electronics retailer **Saturn** among others. The centre generates an annual rent roll of about €4m, while the weighted average unexpired lease term is 8.5 years.

Kean Hird, the Catalyst partner responsible for the German and Polish regions, said: "This is a classic Catalyst Capital acquisition. We are buying a well-located and well-let investment, which offers the opportunity for us to apply our asset management skills to add value through driving rental uplifts, repositioning some units and developing new units on vacant plots".

Catalyst was established in 1996 since when it had invested more than €5.1 billion in real estate assets. The company is now raising its second investment fund, **CEPF II**. although it transacts also via separate accounts and partnerships. Its first **European Property Fund** closed in 2008 and is a €228.5m opportunistic fund holding assets in the UK, France, Germany and Poland.

Germany/Funds

GRR adds NRW superstore to planned €300m fund

The Erlangen-based **GRR Real Estate Management GmbH** boosted its first retail fund to more than two dozen properties when it bought a **Marktkauf** superstore in Büren in North Rhine-Westphalia for its **GRR German Retail Fund No.1**, paying €5.55m. The seller is a fund managed by **TIAA Henderson Real Estate**. It also bought a local supply centre in the city of Lengede, Lower Saxony, for the fund from **SB Markt Lengede GmbH & Co. KG**, for which it paid €5.9m.

The Marktkauf superstore has total leasable space of approximately 3,800 sqm, all of which is used by Marktkauf. The lease has a remaining term of just under ten years. The property, with 210 car parking spaces, stands on around 10,100 sqm of land. Originally constructed in 1977, it was rebuilt in 2002 after a fire, and was subsequently extensively modernised by Marktkauf in 2012.

The total retail space of the neighbourhood mall in Lengede, which was built in 2004, is about 4,200 sq m of which 2,200 sqm are leased by anchor tenant Rewe. Additional tenants in the property are **Lidl** and **KiK**. The remaining rental terms are approximately 9.4 years. The centre offers 211 parking spaces.

The GRR German Retail Fund No.1, launched in 2012, focuses on retail properties in the basic retail segment, and plans to grow to €300 million over the next two to three years, with food retailers to represent around 70% of rental income. Eligible assets are properties worth between €3 million and €15 million, which have long-term leases with creditworthy store chains in the German food retail sector as anchor tenants. The Fund targets primarily German institutional investors.

GRR Real Estate Management GmbH specialises in retail properties in Germany, with a focus on investment and asset management. The company is headquartered in Erlangen in Bavaria and employs 39 people. Currently, GRR REM has around 300 properties under management for various investors, with a gross lettable area of 670,000 sqm and now valued at around €1 billion.

Germany/Retail Real Estate

Edeka bid for Tengelmann to impact retail property market

For investors in German retail portfolios involving the leading grocery chains, news of the announced takeover of **Kaiser's**

Tengelmann by rival **Edeka** will be giving them distinct pause for thought, as it is likely to have a noticeable impact on the retail property market, at least regionally. Edeka want to take over its smaller rival by June 2015.

Although Mülheim-based Tengelmann's market share of 0.6 % is low in the German grocery retail industry, overall its markets are concentrated within three regions of Germany.

According to **Joachim Stumpf**, CEO of Munich-based retail real estate consultancy **BBE Handelsberatung**, "Kaiser's Tengelmann is primarily focused in North Rhine-Westphalia, Berlin and Bavaria, where especially in these areas, the landlords will suffer due to the concentration. At the end of the day, the quartet of Edeka, **Rewe**, **Aldi** and **Lidl's** market power will be strengthened by the fusion." These four leading retailers have collectively an 85% market share.

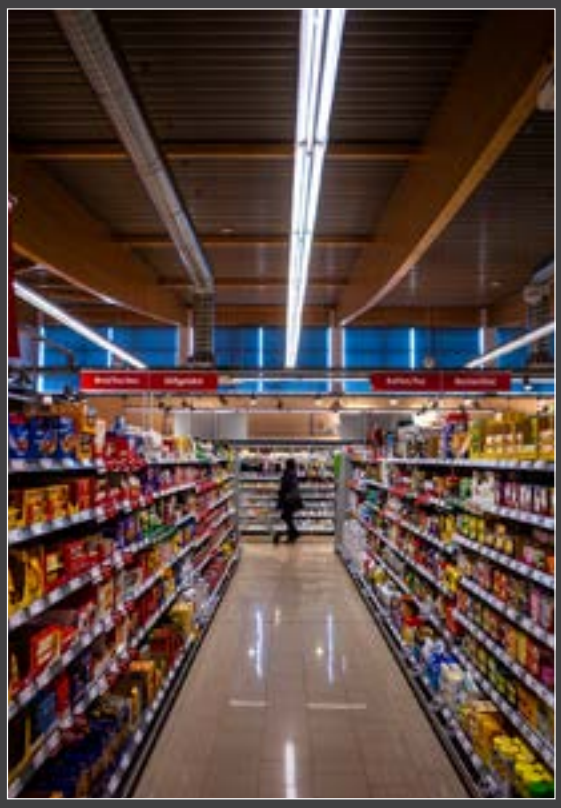
Stumpf believes that the takeover will considerably strengthen Edeka's market position, leading to the elimination of the Tengelmann brand, and the bolstering of Edeka's own discount chain **Netto** where the competitive situation allows. If the deal goes ahead – and it is now just waiting for the approval of the German cartel office – then the majority of Tengelmann's 450 stores in Bavaria, Berlin and North Rhine-Westphalia will be reflagged as Edeka markets by mid-2015, and "to avoid cannibalism effects, other Tengelmann markets will be turned into Netto markets where necessary."

The chain now with most to fear would seem to be fellow co-operative retailer Rewe, which has vowed to use every legal tool at its disposal to prevent the Edeka-Tengelmann takeover going ahead. In the three Länder where Tengelmann's is active, Rewe believes the new merged company would have a 35% market share, making it twice as big as Rewe and very capable of abusing its market position.

Germany/Investment

Bavarian pension fund BVK makes further investment in US office sector

Bayerische Versorgungskammer (BVK) has invested in the US office sector, its second US deal in as many months. Investment managers for the German fund bought assets in eastern US under a global mandate. **CBRE Global Investors** bought the 200 Cambridge Discovery Park in Boston for a "very high two-digit-million sum", said **Universal Investment** which acts for a gloal real eastate mandate which BVK awarded to CBRE GI last year. It follows on a deal last month made by **LaSalle Investment Management** in Chicago, also for a member of BVK.



Greenman Investments

Greenman are sector specific investment fund managers. Our sole focus is the German food retailing asset class; Fachmarktzentren. Our funds own 18 Fachmarktzentren, with a value of over €100m located across Germany,
Our investment strategy delivers:

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- high annual rent surpluses
- twice annual investor distributions
- flexible investment structures
- conservative exit models
- operational transparency

For more information about Greenman and our Q2 2014 investment priorities please contact a member of our investor relations team at enquiries@greenman.com or call us on +353 1 647 1121

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